

Kentucky Agricultural Finance Corporation

Minutes of the July 18, 2008 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board of Directors was held on Friday, July 18, 2008 at 10:00 a.m. CDT at the Kentucky Dam Village State Resort Park Conference Center, Room B, in Gilbertsville, Kentucky. Commissioner Richie Farmer, presiding, called the meeting to order.

Notification of Press

Commissioner Farmer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

Roll Call

The Secretary called roll.

Members Present

Commissioner Farmer, Bob Gaslin, Wayne Hunt, Doug Lawson, Secretary Jonathan Miller (proxy Tom Midkiff), Billy Joe Miles, Bob Proffitt, James Reams, Annette Crawford-Walters

Members Absent

Larry Jagers, Charles Miller, Frank Penn

Others Present

Staff – Tim Hughes, Bill McCloskey

Guests – Jim Mansfield, University of Kentucky; Bob Karsner, Horseshoe Bend Vineyards; Representing *Chateau Quigley*: Robert A. Quigley, J.C. Lin; Representing the City of Manchester, KY: Harvey E. Hensley, John T. Becknell, Linda Becknell, Carmen Lewis (Mayor), Charles Lewis, Louise Hensley, Bailey Lewis, Faye Gregory, Bryan Gregory

Review and Approval of Minutes

Annette Crawford-Walters moved to approve the May 9, 2008 minutes. Wayne Hunt seconded the motion. The motion passed without dissent.

Director of Financial Services Report

Commissioner Farmer called on Bill McCloskey to present an update on KAFC. Mr. McCloskey announced that Tracey Mulder, Financial Records Specialist for KAFC, had resigned effective July 15, 2008 and that efforts were being made to hire a new staff member to assume these responsibilities. In the interim, Sandy Gardner will be assisting with these responsibilities.

Mr. McCloskey directed the Board's attention to the *Large Animal Veterinary Loan Program* Memorandum that had been mailed. He discussed the feedback that had been received from the recipients of the Memo. Although there had been some suggestions to limit the program to only food

animal practitioners, the Board consensus was to keep the program open to both equine and food animal veterinarians.

Mr. Hunt moved to approve the Large Animal Veterinary Loan Program concept and instructed staff to continue to solicit comments, refine the proposal, and develop an application for consideration by the Kentucky Agricultural Development Board (KADB). Ms. Walters seconded the motion. The motion passed without dissent.

Mr. McCloskey also discussed the meeting he held with Mr. and Mrs. Harold Burton (Burton Livestock, LLC), representatives of Farm Credit Services of Mid-America, and staff of the Governor's Office of Agricultural Policy (GOAP).

Mr. McCloskey also reviewed the KAFC Financial Status Report (on file with Board Secretary) and reported that Roger Thomas was unable to attend today's KAFC meeting because of his involvement with the concurrent KADB meeting.

New Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF08-0038 Perdue, Ray – Applicant requests \$250,000 for the construction of two poultry layer houses for Cobb-Vantress in Clinton County. Farm Credit Services is the participating lender. Staff recommends loan approval. ***Bob Gaslin moved to approve AF08-0038, based on staff's recommendation. James Reams seconded the motion. The motion passed without dissent.***

AF08-0039 McKee, Mike & Danielle – Applicants request \$17,500 for a tobacco barn with stripping room, as well as hay and equipment storage, in Henry County. United Citizens Bank & Trust is the participating lender. ***The loan was approved by Staff (July 9, 2008), based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.***

AF08-0042 Horn, Timothy – Applicant requests \$17,430 for construction of an equipment storage facility in Daviess County. Independence Bank is the participating lender. ***The loan was approved by Staff (July 9, 2008) based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.***

AF08-0043 Jarvis, John Gary & Susan – Applicants request \$30,500 for construction of a 108' x 48' tobacco barn and a 48' x 72' hay barn in Muhlenburg County. Farm Credit Services is the participating lender. ***The loan was approved by Staff (July 9, 2008) based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.***

AF08-0044 Masterson Partnership – Applicant requests \$25,500 for construction of manure stack pads, as part of a dairy operation, in Marion County. Central Kentucky ACA is the participating lender. Staff recommends loan approval. ***Mr. Hunt moved to approve AF08-0044, based on staff's recommendation. Doug Lawson seconded the motion. The motion passed without dissent.***

AF08-0045 Jones, Thomas & Annette – Applicants request \$35,000 for construction of a tobacco barn in Washington County. Forcht Bank is the participating lender. ***The loan was approved by Staff (July 9, 2008) based upon loan size and credit score per Agriculture Infrastructure Loan Program policy modifications adopted June 24, 2005.***

AF08-0046 Reding, Aaron & Ashley – Applicants request \$70,000 for construction of grain handling and storage facilities in Nelson County. Magnolia Bank is the participating lender. Staff recommends loan approval. ***Ms. Walters moved to approve AF08-0046 at the “non-tobacco dependent rate”, based on staff’s recommendation. Mr. Gaslin seconded the motion. The motion passed without dissent.***

AF08-0048 Goode, Ronald & Brenda – Applicants request \$125,000 for construction of a milk barn, compact barn, and feed way in Casey County. Farm Credit Services of Mid-America is the participating lender. Staff recommends loan approval. ***Bob Proffitt moved to approve AF08-0048, based on staff’s recommendation. Ms. Walters seconded the motion. The motion passed without dissent.***

AF08-0049 Luttrell, Darren & Debbie – Applicants request \$126,375 for construction of grain handling and storage facilities in Ohio County. Farm Credit Services is the participating lender. Staff recommends loan approval. ***Mr. Lawson moved to approve AF08-0049, based on staff’s recommendation. Mr. Reams seconded the motion. The motion passed without dissent.***

AF08-0050 Kean, B. Michael & Nancy – Applicants request \$100,000 for construction of two tobacco barns and a greenhouse in Hardin County. South Central Bank of Hardin County is the participating lender. Staff recommends loan approval. ***Billy Joe Miles moved to approve AF08-0050, based on staff’s recommendation. Mr. Proffitt seconded the motion. The motion passed without dissent.***

AF08-0051 Davis, Ron & Heather – Pending

AF08-0052 Howell, Eric & Brenda – Pending

AF08-0053 Diamond D Farms – Applicant requests \$50,000 for construction of two dark-fire tobacco barns in Christian County. Planter’s Bank is the participating lender. Staff recommends loan approval. ***Mr. Hunt moved to approve AF08-0053, based on staff’s recommendation with verification that the collateral had documented ingress and egress provisions. Mr. Lawson seconded the motion. The motion passed without dissent.***

AF08-0054 Horseshoe Bend Vineyards – Applicant requests \$100,000 for expansion of wine processing and retail facilities on a 98 acre farm in Washington County. BB&T is the participating lender. Staff recommends loan approval. ***Ms. Walters moved to approve AF08-0054, based on staff’s recommendation. Mr. Reams seconded the motion. The motion passed without dissent.***

Agricultural Processing Loan Program – Discussion and Action

AF08-0041 Quigley, Robert A. – Applicant requests \$5,000,000 to purchase 975 acres in Clay County for the establishment a winery. Mr. McCloskey introduced Mr. Quigley and yielded him the floor to provide the Board a brief overview of the proposal. After considerable discussion, Mr. McCloskey explained that the information received from Mr. Quigley did not contain the required financial information that had been requested. Based upon the information contained in the application, staff recommends denial of funding. ***Mr. Hunt moved to deny AF08-0041. Mr. Lawson seconded the motion. The motion passed without dissent.***

Commissioner Farmer asked Bruce Harper to assume the duties of the Chair at 11:30 am.

Beginning Farmer Loan Program – Discussion and Action

AF08-0040 Newman, Jr., Michael – Applicant requests \$125,000 to purchase 505 an interest in the newly formed partnership in Ohio County between Michael Newman, Sr. and Michael Jr.. First Security Bank of Kentucky is the participating lender. Staff recommends loan approval. ***Mr. Hunt moved to approve AF08-0040, based on staff's recommendation. Mr. Proffitt seconded the motion. The motion passed without dissent.***

AF08-0055 VanHooser, Danny & Leda – Applicant request \$250,000 to purchase eight poultry barns and a 50 acre farm in McLean County. Independence Bank is the participating lender. Mr. McCloskey discussed some information that had been received since the Board mailing, but still had some unanswered question. ***Mr. Hunt moved to pend the application. Mr. Gaslin seconded the motion. The motion passed without dissent.***

Coordinated Value-added Assistance Loan Program – Discussion and Action

AF08-0047 Grasslands Dairy Cattle, LLC – pending

Old Business

Beginning Farmer Loan Program - Discussion and Action

AF07-0061 Stoltzfus, Samuel & Fannie – Farm Credit Services of Mid-America requests a 180 day extension on AF07-0061. Staff recommends that the extension be granted with a new expiration date of December 1, 2008. ***Ms. Walters moved to approve the request. Mr. Miles seconded the motion. The motion passed without dissent.***

Agricultural Infrastructure Loan Program

AF07-0102 Pepper, David & Kimberly -- Applicant requests \$52,500 for the construction of a 54,000 bushel grain bin located in LaRue County. Magnolia Bank is the participating lender. Staff recommends loan approval. ***Mr. Lawson moved to approve AF07-0102, based on staff's recommendation. Mr. Reams seconded the motion. The motion passed without dissent.***

AF08-0027 Stedelin, Brian – withdrawn

Closing Remarks

The next meeting of the KAFC Board will be Friday, September 5, 2008 in Frankfort, KY beginning at 10:00 am EDT.

Mr. Harper reported that the Kentucky Department of Agriculture will be unveiling the new *Kentucky Farms are Fun* logo on August 14, 2008 at 10:30 am in South Wing of the Kentucky Exposition Center.

The meeting adjourned at 11:15 am CDT.

APPROVED:

9/5/2008

PRESIDING OFFICER:

Bruce Harper

SECRETARY:

Sandra P. Gardner